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SUBJECT: PUBLIC WORKS MINISTER SAYS CORRUPTION DOWN, MAJOR
INFRASTRUCTURE PROJECTS PLANNED

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11. (SBU) Summary: On August 19, Ambassador met with Minister of Public Works Bader Nasser Al-Humaidhi. The Minister discussed contracting corruption, Kuwait's ongoing infrastructure development, planned mega projects, water consumption, and housing for divorced women and bachelor's. Al-Humaidhi welcomed the team from the Federal Highway Administration that will arrive shortly, and said they will be a great help in improving Kuwait's traffic problems. He trumpeted the potential of the Failaka Island development project, saying that it will be environment-friendly and aims to attract local tourists. The Bubiyan Port project contracts have been partially awarded (road and bridge portion), with the port construction and dredging contracts in the tendering process. The Ministry aims to raise sewage treatment volume to lessen the pressure on desalination plants. Al-Humaidhi said new housing projects will begin to address housing shortages for divorced women and for bachelor foreign workers. Al-Humaidhi described how he had reduced contracting corruption in his Ministry, resulting in a 45% savings in the Ministry's overall project budget. End summary.

12. (U) On August 19, Ambassador met with Minister of Public Works (MPW) Bader Nasser Al-Humaidhi, who was reappointed following the formation of a new cabinet after the June 29 elections. Al-Humaidhi said the MPW plans to spend 3.5 billion Kuwaiti dinars (KD) (\$12.25 billion USD) on residential projects and 5.0 billion KD (\$17.5 billion USD) on infrastructure projects over the next 10 years. Al-Humaidhi welcomed the cooperation of the Federal Highway Administration in assisting the MPW in improving Kuwait's road network. (Note: MPW finalized the funds transfer that will bring a team of six from FHA to Kuwait to consult on road projects for a period of two years.) He said the MPW is redesigning 130 intersections in order to improve flow and reduce Kuwait's traffic congestion. Some of these redesigns will include digging tunnels under existing traffic circles.

Less Contracting Corruption on Public Projects

13. (SBU) Al-Humaidhi claimed to have made significant inroads against corruption at the MPW. Specifically, he cited the problem of contractors colluding to inflate the final price of project bids. To counter this, Al-Humaidhi said he no longer makes public the anticipated cost of a project, and now requires 12-15 bids per tender (up from 5-6 previously), making it more difficult for vendors to collude on pricing. Overall, Al-Humaidhi claimed to have reduced the MPW project budget by 45% through these efforts. (Comment: We cannot verify this claim, but even if it were cut in half it would be an astounding number.)

Bubiyan Port Partially Contracted, Tourism Part of the Plan

¶4. (U) As part of the Bubiyan Port mega project, Al-Humaidhi said the contract for the main road and bridge to Bubiyan island has been awarded to China Harbor. The contracts for port construction and dredging are in the tendering phase. Al-Humaidhi also said there are plans to develop Bubiyan's Southeastern coast for tourism. He said the Failaka Island project, the 1.5 billion KD (5.25 billion USD) project which would transform the barren island into a tourist destination, will begin towards the end of 2006. The projects envisions, hotels, chalets, shops, and marinas on the island, aimed primarily at Kuwaiti tourists who would otherwise travel abroad. Al-Humaidhi said there would be no cars on the island, and that all transport would run on electric batteries, including boats.

New Focus on Treated Water for Irrigation

¶5. (U) According to Al-Humaidhi, Kuwait's per capita water consumption is the highest in the world at 460 liters per day, much of this is wasted. The MPW, which operates Kuwait's sewage and water treatment plants, plans to increase production of treated sewage water to 400 million cubic meters per day. Because Kuwaitis refuse to allow treated water into the drinking water system, treated water is piped for irrigation. An increase in treatment production, Al-Humaidhi said, will decrease the use of desalinated water (which is much more expensive and energy-intensive to produce) for irrigation.

New Communities Planned for Divorced Women, Bachelors

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¶6. (U) Al-Humaidhi acknowledged that divorced Kuwaiti women do not receive housing allowances, although divorced Kuwaiti men do. In response to a reported widespread shortage of housing for these women, Al-Humaidhi said the MPW plans to build 9,500 new housing units in a specially-designated area for divorcees and widows without immediate family, to be completed within four years. He said the new communities would include grocery stores and schools, and the units would rent for a nominal fee, as low as 50 Kuwaiti dinars (\$175 USD) per month. Similarly, in response to a shortage of housing, and the common perception of associated crime and immoral behavior, MPW will build housing communities for bachelor foreign workers. Al-Humaidhi said these communities will also include shops, theaters, and transportation links to the bachelors' jobs in Kuwait City.

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LeBaron